Wisconsin Public Service Corporation
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September 21, 2005

Mr. David H. Meyer
Acting Deputy Director
Office of Electricity Delivery and Energy Reliability, TD-1
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Re: Energy Policy Act of 2005, Section 1234 Economic Dispatch Study

Dear Mr. Meyer:

Thank you for your letter of September 1, 2005 soliciting our assistance in supporting your research through the sharing of your request with EEI members. WPS Resources is a holding company for regulated utility and non-regulated energy business units. It's regulated units are Wisconsin Public Service Corporation and Upper Peninsula Power Company which serve approximately 470,000 electric customers and 305,000 gas customers in northeastern Wisconsin and the upper peninsula of Michigan . WPS Resources' non-utility business units own and operate generation and offer non-regulated natural gas, electric and alternative fuel supplies as well as management services and consulting services to retail and wholesale customers in the northeastern quadrant of the United States and in the eastern portions of Canada. WPS Resources has had the opportunity to work in markets which are narrowly constrained and not, regions with and without retail access and with and without RTO's. It is with these experiences that we offer our thoughts on your questions 5 and 6 regarding economic dispatch.

Question 5) *If economic dispatch causes greater dispatch and use of non-utility generation, what effects might this have-on the grid, on the mix of energy and capacity available to retail customers, to energy prices and costs, to environmental emissions, or other impacts? How would this affect retail customers in particular states or nationwide? If you have specific analyses to support your position, please provide them to us.*

Response
There are many constraints on utility operations that need to be considered and incorporated into dispatch decisions in order to maintain reliability and meet state, regional and federal policy requirements. The DOE study wisely seeks to identify ways to "improve the ability of non utility generation resources to offer their output for sale for the purpose of inclusion in economic dispatch". It is useful to learn from the economic dispatch that is already being employed in RTO organized markets.

Many state commissions provide some regulatory oversight of generation dispatch with the consumer in mind, i.e., residential, commercial and industrial but no real time monitoring of the market. These commissions already attempt to oversee the dispatch process employed by electric utilities under their jurisdiction. They, to differing degrees, look at short-term costs subject to operational, contractual, and environmental constraints and that other objectives are met, such as reliability, long-term rate stability, fuel diversity, promotion of renewable resources, and other important criteria. With energy markets geographically larger than state boundaries, and the limitations on State authority and resources, energy marketplace design is an interstate issue. Any study undertaken must recognize how the state and federal authorities can effectively interact to pursue for customers low-cost, efficient, and reliable sources of generation from a diversity of sources.

Regional institutions, such as RTOs and ISOs, now exist in many parts of the country that provide significant cost management, risk management and competitive access value to the market place. The current dispatch procedures of RTOs and ISOs should continue to evolve to create a seamless marketplace. RTOs and ISOs have Commission approved dispatch procedures which are designed to optimize the use of a mix of energy resources available in that respective market, and reflect technical and operational differences between electrical systems while maintaining fair and reliable access to all participants.

Question 6) *Could there be any implications for grid reliability—positive or negative—from greater use of economic dispatch? If so, how should economic dispatch be modified or enhanced to protect reliability?*

Response
The electric system is inherently more reliable and more cost efficient if load has access to more generation suppliers. The access by suppliers to the marketplace (whether utility or non utility suppliers) needs to be designed to be reliable, least cost, and open to all in a non-discriminatory manner. The creation of RTOs that are seamless with effective and fair access procedures and liquid power pools will enhance reliability and economic dispatch effectiveness.

Conclusion
WPS Resources appreciates this opportunity to provide comments and looks forward to a continued dialogue on these issues. If you have any questions, please contact me.

Respectfully submitted,

Dennis M. Derricks

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